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SUBJECT: MEDIA REACTION: FINANCIAL CRISIS

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Editorial Quotes  
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FINANCIAL CRISIS

a. "The rumors say that China has warned that it will stop lending money to the U.S."

The official Communist Party international news publication Global Times (Huanyu Shibao)(12/19): "China has warned that it will stop lending money to the U.S. Recently news about the possibility that China will stop purchasing American debt, and that China will not support the U.S. economy forever, have been spread throughout the World. These stories have created a sensation. The fact that China is holding American debt has always been a sensitive and complicated issue between the two countries. At present, the U.S. is experiencing a very sensitive and fragile period, and China is also having economic difficulties. Both countries have economic concerns and this issue, concerning the U.S. national debt only adds more pressure. Chinese experts indicate that China has no other choice but to hold a lot of American debt because China has a large amount of foreign exchange reserves which don't have other appropriate outlets. Most of these reserves are used to invest in U.S. national debt. The financial position of the U.S. in the world has also contributed to this situation. Currently, it is not possible that China will continue large scale investments in the U.S. China should not be the one to pay the bills of the crisis. China is unable to do it. However, China will not decrease its purchasing or its selling of American debt in the hope that the U.S. will walk away from the crisis as soon as possible, reducing the influence of the crisis."

B, "The financial crisis may be a good thing"

The China Radio International sponsored newspaper World News Journal (Shijie Xinwenbao)(12/19): "The American financial crisis has fully exposed the flaws in the Western economic system. It also shows that the system that the West previously advocated is unreliable. This crisis is a lesson for developing countries concerning financial operations and rules. Developing countries will have a clearer understanding of the subtle operation and rules of U.S. financial capital markets. Because of this, they will make an effort to promote international cooperation and set up a fair and healthy international financial system. What's more, developing countries will increase their efforts to set up 'sovereignty funds', seeking more independence in finance. The U.S. dollar, as the major international reserve and settlement currency, should have the necessary transparency and receive strict supervision."

RANDT